



January 30, 2004

SENATE BILL No. 484

DIGEST OF SB 484 (Updated January 28, 2004 1:00 pm - DI 110)

Citations Affected: IC 27-8.

Synopsis: Small employer conversion policies. Provides that an eligible employee's dependent who loses coverage under a small employer group health insurance plan under certain circumstances may be entitled to a conversion policy.

Effective: July 1, 2004.

Drozda

January 13, 2004, read first time and referred to Committee on Health and Provider Services.
January 29, 2004, reported favorably — Do Pass.

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SB 484—LS 7187/DI 97+



January 30, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

SENATE BILL No. 484

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-8-15-31 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 31. (a) If an eligible
3 employee who has been continuously covered under a health insurance
4 plan for at least ninety (90) days:

5 (1) loses coverage under the plan as the result of:

6 (A) termination of employment;

7 (B) reduction of hours;

8 (C) marriage dissolution; or

9 (D) attainment of any age specified in the plan; and

10 (2) requests a conversion policy from the small employer insurer
11 that insured the health insurance plan;
12 the individual is entitled to receive a conversion policy from the small
13 employer insurer.

14 (b) **If an eligible employee's dependent who has been**
15 **continuously covered under a health insurance plan for at least**
16 **ninety (90) days:**

17 (1) loses coverage under the plan as the result of:

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1 **(A) marriage dissolution; or**
 2 **(B) attainment of any age specified in the plan; and**
 3 **(2) requests a conversion policy from the small employer**
 4 **insurer that insured the health insurance plan;**
 5 **the individual is entitled to receive a conversion policy from the**
 6 **small employer insurer.**

7 (c) A request under subsection (a)(2) or (b)(2) must be made within
 8 thirty (30) days after the individual loses coverage under the health
 9 insurance plan.

10 ~~(c)~~ (d) The premium for a conversion policy issued under this
 11 section shall not exceed one hundred fifty percent (150%) of the rate
 12 that would have been charged under the small employer health
 13 insurance plan with respect to the individual if the individual had been
 14 covered as an eligible employee under the plan during the same period.
 15 If the health insurance plan under which the individual was covered is
 16 canceled or is not renewed, the rates shall be based on the rate that
 17 would have been charged with respect to the individual if the plan had
 18 continued in force, as determined by the small employer insurer in
 19 accordance with standard actuarial principles.

20 ~~(d)~~ (e) A conversion policy issued under this section must be
 21 approved by the insurance commissioner as described in IC 27-8-5-1.
 22 The commissioner may not approve a conversion policy unless the
 23 policy and its benefits are:

- 24 (1) comparable to those required under IC 27-13-1-4(a)(2)
 25 through IC 27-13-1-4(a)(5);
 26 (2) reasonable in relation to the premium charged; and
 27 (3) in compliance with IC 27-8-6-1.

28 If the benefit limits of the conversion policy are not more than the
 29 benefit limits of the small employer's health insurance plan, the small
 30 employer insurer shall credit the individual with any waiting period,
 31 deductible, or coinsurance credited to the individual under the small
 32 employer's health insurance plan.

33 ~~(e)~~ (f) This section expires on the effective date of a mechanism
 34 enacted by the general assembly to offset the potential fiscal impact on
 35 small employers and small employer insurers that results from the
 36 establishment of a continuation policy under section 31.1 of this
 37 chapter.

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COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 484, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 484 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 8, Nays 0.

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